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CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

2022 CALIFORNIA ARREARAGE PAYMENT PROGRAM (2022 CAPP)

2022 CAPP PROGRAM NOTICE NO. 01

The purpose of this official correspondence is to provide implementation information and guidance to state energy utility service providers regarding the 2022 California Arrearage Payment Program (2022 CAPP) administered by the Department of Community Services and Development (CSD).

## **2022 CAPP PROGRAM NOTICE NO. 01**

TO: ALL ENERGY UTILITY COMPANIES

SUBJECT: 2022 CALIFORNIA ARREARAGE PAYMENT PROGRAM  
(2022 CAPP)

DATE: September 1, 2022

REFERENCE: [Government Code Sections 16429.8 – 16429.10](#)  
[Assembly Bill 205 \(Chapter 61, Statutes of 2022\)](#)

The purpose of this 2022 CAPP Program Notice No. 01 (22CAPP-PN-01) is to provide a general introduction to and overview of the 2022 California Arrearage Payment Program (2022 CAPP), which offers financial assistance to help reduce past due energy bill balances accrued during the COVID-19 pandemic. 2022 CAPP will be administered by the California Department of Community Services and Development (CSD) in three program phases. Each program phase will require the direct interaction and participation of public utilities, investor-owned utilities (IOUs), electric cooperatives, and Community Choice Aggregators (CCAs), hereafter referred to collectively as “Utility Applicants” or “Energy Utilities,” to successfully administer 2022 CAPP.

### **BACKGROUND**

To help address the economic impacts of the COVID-19 pandemic on Californians, the State Budget Act of 2021 appropriated \$1 billion from the federal American Rescue Plan Act of 2021 to support the establishment of CAPP (hereafter referred to as “2021 CAPP”). 2021 CAPP provided relief in the form of bill credits to active and inactive residential and commercial Energy Utility customers who had accrued energy debt during the COVID-19 pandemic bill relief period of March 4, 2020 through June 15, 2021.

CSD surveyed Energy Utilities after 2021 CAPP bill credits were applied to customer accounts. From this survey it became evident many Californians still held delinquent balances originating from the COVID-19 pandemic bill relief period as well as the period between June 16, 2021 and December 31, 2021. To address the ongoing financial impacts of the COVID-19 pandemic on Californians, the State Budget Act of 2022 appropriated \$1.2 billion in state General Fund dollars to support the adoption of 2022 CAPP. This new round of CAPP funding is intended to address the ongoing needs of residential utility customers who continue to carry COVID-19-related utility debt. This 22CAPP-PN-01 outlines the key differences found in 2022 CAPP compared to 2021 CAPP regarding eligibility, application, and allocations.

## **PROGRAM OVERVIEW**

CSD will administer 2022 CAPP in three phases. Each phase represents an important step in 2022 CAPP administration, and as such, each phase requires some form of action or contribution from 2022 CAPP Utility Applicants. It is vital that Energy Utilities provide necessary assistance, documentation, and CAPP Applications in a timely manner in order to expedite the release of 2022 CAPP funds to Energy Utilities and the distribution of assistance to eligible residential utility customers.

### **PHASE ONE: 2022 CAPP APPLICATION**

While 2021 CAPP had separate Utility Survey and CAPP Application phases, the implementation of 2022 CAPP will not include a separate survey. Instead, the 2022 CAPP Application will provide the means for capturing eligible residential customer arrearage data as well as Energy Utilities' resultant 2022 CAPP allocation requests.

CSD will release the 2022 CAPP Application on September 19, 2022. In addition, CSD will issue a 22CAPP-PN instructing Energy Utilities on the application's release, how to properly complete the application, and the required data that must be submitted with the application. Energy Utilities will have 30 days to complete and submit a 2022 CAPP Application to CSD. NOTE: There is no grace period for the 2022 CAPP Application phase.

For 2022 CAPP, the COVID-19 pandemic bill relief period is longer than the 2021 CAPP period. 2022 CAPP covers arrearages accumulated between **March 4, 2020 and December 31, 2021**. Additionally, only **active residential customers** with eligible arrearages qualify for 2022 CAPP. Importantly, residential customers must be active at the time an Energy Utility submits its 2022 CAPP Application. 2022 CAPP only has two priority groups:

1. Active residential customers with past due bills and who, absent 2022 CAPP assistance or other protection or additional assistance provided by the Utility Applicant, might be subject to service disconnection due to nonpayment of balances incurred during the COVID-19 pandemic bill relief period.
2. Active residential customers with past due bills incurred during the COVID-19 pandemic bill relief period.

In order to ensure consistent assessment of eligible arrearages across Energy Utilities, all 2022 CAPP Applicants must pull application data supporting eligible residential customer arrearages as of **August 31, 2022**, or later, in instances where a Utility Applicant is unable to pull data on August 31, 2022. Under no circumstance shall 2022 CAPP Applicants include data pulled *before* the August 31, 2022 date. Similar to 2021 CAPP, the COVID-19 pandemic bill relief period for 2022 CAPP includes any customer billing period that contains dates for services falling within the COVID-19 pandemic bill relief period of March 4, 2020 through December 31, 2021. 2022 CAPP Application data

files must capture the following information by account to properly identify and substantiate eligible residential customer arrearages:

### 2022 CAPP Application Data File Elements

Field Name	Definition
Utility Customer ID	The unique identifier used by the Energy Utility to identify the customer.
Load-Serving Entity (LSE) Name	For certain IOUs, the name of a CCA or Direct Access Energy (DAE) LSE associated with the arrearage.
LSE Customer ID	For certain IOUs, any unique identifier used by the CCA or DAE LSE to identify the customer. If unavailable, the Utility Customer ID can be repeated.
Account Type	The type of account to which the Account Number is associated.
Energy Type	The type of energy service(s) provided under the account.
Priority Group 1 or 2	<p>The priority group to which the listed customer belongs, as defined by CAPP Program guidance:</p> <p>1 = Active residential customers with past due bills and who, absent the 2022 CAPP assistance or any other protection or assistance provided by the Utility Applicant, might be subject to service disconnection due to nonpayment of balances incurred during the COVID-19 pandemic bill relief period</p> <p>2 = Active residential customers with past due bills incurred during the COVID-19 pandemic bill relief period.</p>
Account Status	Confirming the account is currently active with the Energy Utility.
Utility Natural Gas Arrearage	The Energy Utility portion of the customer arrearage associated with natural gas services. This should not include CCA/LSE-related arrearages.
Utility Electric Arrearage	The Energy Utility portion of the customer arrearage associated with Electric services. This should not include CCA/LSE-related arrearages.
Utility Combined Arrearage	The total Energy Utility arrearage currently associated with the identified customer for all services. This should not include CCA/DAE LSE-related arrearages.

Field Name	Definition
LSE Arrearage	For certain IOUs, the total CCA/DAE LSE arrearage amount associated with the customer.
Total Customer Arrearage	The total arrearage, including CCA/DAE LSE arrearage, currently associated with the identified customer account.

CSD will release additional information regarding the CAPP Application datafile layout and technical submission requirements following this Program Notice release.

If a Utility Applicant is unable to use its full 2022 CAPP Allocation, CSD may elect to redistribute any unused allocation within a utility category to another to maximize the distribution of 2022 CAPP funds to Utility Applicants. Approval of an Energy Utility’s 2022 CAPP Application will be conditioned on: (1) A review for application completeness and proper supporting documentation; and (2) Verification that the Utility Applicant’s submission of eligible residential customer accounts supports the total allocation requested in the 2022 CAPP Application. The 2022 CAPP Application will outline terms and conditions for the receipt of funds, a description of Energy Utility responsibilities, and instructions for submitting the 2022 CAPP Application to CSD.

**IMPORTANT NOTE:** Incomplete applications will be returned to the Energy Utility for corrections or modifications consistent with CSD’s guidance. Residential customers with arrearages accumulated during the 2022 CAPP COVID-19 pandemic bill relief period cannot be disconnected between the time an Energy Utility submits its 2022 CAPP Application and when CSD completes the disbursement of 2022 CAPP Allocations to all Utility Applicants.

**PHASE TWO: 2022 CAPP ALLOCATION AWARDS**

By January 31, 2023, CSD must disburse all requested 2022 CAPP funds to Energy Utilities. Because CSD must receive all 2022 CAPP Applications *prior to* determining each Energy Utility’s CAPP Allocation, Energy Utilities are **strongly encouraged** to submit 2022 CAPP Applications as soon as possible.

Once CSD approves all 2022 CAPP Applications and determines allocations for all Energy Utilities, the Department will send a letter to each Utility Applicant detailing the approved 2022 CAPP Allocation and guidance on issuing customer benefits. CSD will then disburse the Utility Applicant’s 2022 CAPP Allocation. All Utility Applicants must deliver 2022 CAPP Benefits to eligible residential accounts in the form of a bill credit, along with a statement that the source of the credit is California’s 2022 CAPP Program, within 60 days of receiving a 2022 CAPP Allocation. Energy Utilities shall prioritize 2022 CAPP assistance in order of the two Priority Groups described in the previous section and issue CAPP Benefits in accordance with CSD guidance.

Unlike 2021 CAPP, Utility Applicants are instructed to use the same dataset provided for the 2022 CAPP Application to determine 2022 CAPP customer credits. If a customer no longer maintains an active account at the time 2022 CAPP Benefits are issued, and the 2022 CAPP Benefit would result in a cash refund to the customer, these funds must instead be remitted to CSD. However, if a customer is no longer active at the time 2022 CAPP Benefits are issued, and the award covers a portion or all of the customer's debt, the Utility Applicant may apply the 2022 CAPP credit to the customer's account.

2022 CAPP Benefits received by individual utility customers are not considered gross income for purposes of state or federal taxes. CSD encourages Energy Utilities to consult with a tax professional to identify potential tax liabilities or reporting requirements that may apply to Energy Utilities.

**IMPORTANT NOTE:** Energy Utilities shall not disconnect 2022 CAPP Benefit recipients for 90 days after customer receipt of the benefit. If a customer account has a remaining balance after a 2022 CAPP Benefit is applied, Energy Utilities shall notify the customer of the option to enter into an extended payment plan with late fees and penalties waived.

### **PHASE THREE: 2022 CAPP CLOSE-OUT REPORTING**

As outlined in Government Code 16429.10, Utility Applicants shall submit documentation as requested by CSD to assist the Department in preparing its 2022 CAPP final report to the Legislature. The 2022 CAPP final report must outline, among other things, benefit outcomes for residential accounts assisted. CSD will issue a 22CAPP-PN instructing Energy Utilities of the Department's data needs in order to comply with Government Code Section 16429.10. In addition, CSD will perform a review of 2022 CAPP allocation expenditures reported during the close-out phase and may elect to perform individual compliance review and audit of an Energy Utility's 2022 CAPP expenditures and benefit delivery.

### **KEY DIFFERENCES BETWEEN 2022 CAPP AND 2021 CAPP**

Key differences between 2022 and 2021 CAPP are as follows:

#### **Eligibility:**

- 2022 CAPP extends the COVID-19 pandemic bill relief period to cover March 4, 2020 through December 31, 2021.
- Only active residential customers are eligible for 2022 CAPP and must be active customers at the time a Utility Applicant submits its 2022 CAPP Application.
- 2022 CAPP Benefits are provided to only two priority groups: (1) Active residential customers with past due bills and who, absent the 2022 CAPP assistance or any other protection or assistance provided by the Utility Applicant, might be subject to service disconnection due to nonpayment of balances

incurred during the COVID-19 pandemic bill relief period. 2022 CAPP Priority Group 1 is more expansive than 2021 CAPP as it includes those customers at risk of disconnection if it were not for the customer protections in place; and (2) Active residential customers with past due bills incurred during the COVID-19 pandemic bill relief period.

2022 CAPP Application and Allocations:

- 2022 CAPP does not include a Utility Survey. Instead, 2022 CAPP Application data will be used to determine Energy Utility allocations and confirm statewide arrearages for residential customers.
- Utility Applicants must use the dataset submitted for the 2022 CAPP Application to identify CAPP beneficiaries and determine 2022 CAPP Benefits.
- Upon approving a Utility Applicant's 2022 CAPP Application, CSD will send the Utility Applicant a letter specifying its allocation and providing guidance on how to issue customer benefits.

If a Utility Applicant is unable to use its full 2022 CAPP Allocation, CSD may elect to redistribute any unused allocation within a utility category to another to maximize the distribution of 2022 CAPP funds to Utility Applicants.

**ENSURE READINESS FOR PHASE ONE: 2022 CAPP APPLICATION**

Due to the statutory 30-day application timeframe in which Energy Utilities may apply to CSD for 2022 CAPP funds, CSD strongly encourages Energy Utilities to immediately pull data files identifying all eligible residential customer accounts and arrearages as of August 31, 2022. Similar to 2021 CAPP, the COVID-19 pandemic bill relief period for 2022 CAPP includes any customer billing period that contains dates for services falling within the COVID-19 pandemic bill relief period of March 4, 2020 through December 31, 2021.

\* \* \*

CSD's implementation of 2022 CAPP is ongoing, and as a result, the Department will issue regular communications to Utility Applicants as necessary for the effective and efficient administration of 2022 CAPP. All 22CAPP-PNs, along with key dates related to 2022 CAPP's implementation phases, will be posted on CSD's public-facing internet [website](#).

If you have questions or need additional guidance regarding 2022 CAPP, please contact CSD at [CAPP@csd.ca.gov](mailto:CAPP@csd.ca.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. Scribner', with a long horizontal flourish extending to the right.

DAVID SCRIBNER, ESQ.  
Director